

Message Text

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43

ACTION TRSE-00

INFO OCT-01 AF-08 ISO-00 EB-07 L-03 /019 W

----- 114461

R 131520Z AUG 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 1744

LIMITED OFFICIAL USE NAIROBI 8570

E. O. 11652: N/A

TAGS: EFIN, KE

SUBJ: INCOME TAX TREATY

REF: (A) STATE 189179, (B) NAIROBI 8051

1. DR. I.K. MUTUKU, DEPUTY SECRETARY IN MINISTRY OF FINANCE AND PLANNING, DISCUSSED STATUS OF GOK APPROVAL DOUBLE TAXATION TREATY DRAFT IN MEETING AUG 11. ACCORDING MUTUKU, GOK PERSONNEL INVOLVED IN NEGOTIATING AND INITIAL-ING JUNE 1973 TEXT HAVE ALL BEEN REPLACED (MUTUKU HIMSELF REPLACED M.S. GHEEWALA, CO-SIGNER OF 1973 DRAFT). NEW TEAM HAS STUDIED DRAFT BUT HAS PROBLEMS INTERPRETING WORDING OF SEVERAL SECTIONS. ONE IN PARTICULAR INVOLVES ARTICLE 6(2)(B).
2. IN ADDITION, GOK PROPOSES REVISIONS OF ARTICLE 3 DEFINITIONS OF (A) A RESIDENT OF KENYA, AND (B) A TAX-PAYER'S PERMANENT HOME.
3. ACCORDING TO MUTUKU, GOK TAX AUTHORITIES FELT WORDING OF TEXT COULD BE STREAMLINED TO MAKE IT MORE COMPREHENSIBLE. KENYANS ARE IMPRESSED WITH MODEL TAXATION TREATY DEVELOPED BY OECD AND WOULD PREFER TO TAILOR U.S. AGREEMENT MORE CLOSELY TO THAT DOCUMENT. MUTUKU INDICATED THAT KENYAN TAX TEAM HAD RECENTLY RETURNED FROM CANADA, WHERE OECD-TYPE TREATY HAD BEEN SUCCESSFULLY NEGOTIATED.
4. DESPITE EMB ATTEMPTS TO ELICIT MORE SPECIFIC

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CRITICISMS WHICH COULD BE RESOLVED BY CORRESPONDENCE,

MUTUKU INSISTED THAT VISIT OF U.S. TAX TEAM (OR INDIVIDUAL) IS NECESSARY. KENYAN SIDE APPARENTLY PLANS TO GO OVER TEXT PAGE BY PAGE WITH U.S. TEAM. EMB PROMISED TO REFER GOK REQUEST TO DEPT.

5. PLS ADVISE WHETHER ADDITIONAL NEGOTIATING SESSIONS WILL BE SCHEDULED.

DECONTROL 8/13/77.
MARSHALL

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Message Attributes

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Draft Date: 13 AUG 1976
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Disposition Approved on Date:
Disposition Authority: RowellE0
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
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